



STEVE COOLEY  
LOS ANGELES COUNTY DISTRICT ATTORNEY

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April 17, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 14<sup>th</sup> YEAR GRANT FUNDS  
FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE  
(SCDI) FOR THE AUTOMOBILE INSURANCE FRAUD (AIF) PROGRAM  
FOR FISCAL YEAR (FY) 2006-07  
(ALL DISTRICTS) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the AIF Program from SCDI in the amount \$3,441,416 for the period of July 1, 2006 to June 30, 2007. There is no required County match for this grant.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the GAA that do not increase the net County cost of the Agreement.
4. Authorize the District Attorney's Office, pursuant to County Code Section 6.06.020, to hire one Investigative Auditor, pending allocation by the Chief Administrative Office.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The SCDI has awarded funding for the AIF Program for the past thirteen years. On June 30, 2006 the District Attorney's Office submitted an application to SCDI to continue funding for the AIF Program in FY 2006-07. Funding in the amount of \$3,441,416 was awarded to the District Attorney's Office.

The grant will allow the District Attorney to continue to provide enhanced criminal investigation and prosecution of automobile insurance fraud in Los Angeles County.

As part of the GAA, SCDI requires the adoption of the enclosed resolution, which has been approved as to form by County Counsel.

### **Implementation of Strategic Plan Goals**

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing available revenue to offset program costs. This program directly supports the District Attorney's core mission of vigorously prosecuting felony crime, including automobile insurance fraud, throughout the County.

### **FISCAL IMPACT/FINANCING**

The amount of \$3,441,416 has been awarded to the District Attorney's Office by SCDI for the AIF Program. In addition, \$1,721,954 in carryover funding has been approved by SCDI, for a program total of \$5,163,370 for the 2006-07 fiscal year, which has already been included in the budget. The large carryover amount resulted from late notification and authorization to spend the funding from SCDI in FY 2005-06. There is no net County cost associated with this program.

The FY 2006-07 grant will fund 26 full-time and two part-time positions, including an additional Investigative Auditor position. This position is needed to adequately address the volume of work. The program budget reflects a decrease of 6.5 positions from the program positions reported last fiscal year.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to the provisions of Section 1872.8 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute certain funds to District Attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent automobile insurance claims.

The objective of the Los Angeles County District Attorney's Automobile Insurance Fraud Program is to enhance its efforts in the identification, investigation, and prosecution of major auto insurance fraud rings, syndicates, gangs, and organizations in Los Angeles



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County. Perpetrators also include unscrupulous doctors, chiropractors, lawyers and others engaged in organized automobile insurance fraud.

In FY 2005-06, 68 investigations were initiated involving 99 suspects. This is a 48% increase over the 46 investigations initiated in FY 2004-05. Fifty-six (56) arrests were made and 42 defendants were convicted.

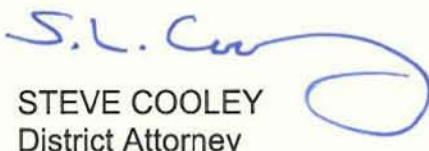
#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board motion of December 15, 1998 requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Department.

#### **CONCLUSION**

Following Board approval on this program, the Executive Officer-Clerk of the Board is requested to call Ms. Emily Aidells of the Contracts and Grants Unit at (213) 202-7674 or Ms. Corina Calixto at (213) 202-7653 when one (1) copy of the adopted Board letter and two (2) copies of the executed Resolution, containing original signatures are ready for pick up. Any questions may be directed to Ms. Aidells.

Very truly yours,

  
STEVE COOLEY  
District Attorney

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Enclosures

c: Chief Administrative Officer  
County Counsel

1                                   **BOARD OF SUPERVISORS**  
2                                   **COUNTY OF LOS ANGELES**  
3                                   **RESOLUTION**

4                                   Authorization to Accept a Grant Award from the  
5                                   State of California, Department of Insurance  
6                                   Pursuant to California Insurance Code

7                                   Chapter 12 commencing with Section 1871, et seq.

8                                   **WHEREAS**, the provisions of Section 1872.8 of the California  
9 Insurance Code authorize the State Department of Insurance to award and  
10 distribute certain funds to district attorneys submitting plans approved by the  
11 Bureau of Fraudulent Claims for the increased investigation and prosecution  
12 of fraudulent automobile insurance claims; and the District Attorney is  
13 charged with providing prosecution of all felony offenses committed within  
14 this County; and

15                                  **WHEREAS**, the Board of Supervisors of Los Angeles County  
16 recognizes that between 25-50 percent of every automobile insurance dollar  
17 collected from County citizens is spent for the payment of fraudulent claims,  
18 annually amounting to hundreds of millions of dollars; and

19                                  **WHEREAS**, the County of Los Angeles, acting through its Board  
20 of Supervisors, desires to combat automobile insurance fraud by undertaking  
21 a certain project designated the "Automobile Insurance Fraud Program" by  
22 the District Attorney to be funded through funds made available by the  
23 Insurance Fraud Prevention Act as provided for pursuant to California  
24 Insurance Code 1872.8, administered by the California Department of  
Insurance; and

25                                  **WHEREAS**, the State of California Department of Insurance approved  
26 the fraud reduction plan submitted by the Los Angeles County District Attorney's

1 Office for Fiscal Year 2006-2007 for the Automobile Insurance Fraud Program and  
2 awarded funding to the Program;

3 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors  
4 of the County of Los Angeles hereby authorizes and approves acceptance of grant  
5 funds from the State of California, Department of Insurance, to be used  
6 exclusively for the program designated the "Automobile Insurance Fraud Program"  
7 for the period covering July 1, 2006 to June 30, 2007;

8 **BE IT FURTHER RESOLVED** that the County of Los Angeles  
9 hereby authorizes the District Attorney, or his designee, to serve as Project  
10 Director and to perform all further tasks necessary for the completion of the  
11 project, including any extensions, execution and submission of amendments,  
12 progress reports, and payment requests relating to the Grant Award  
13 Agreement;

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IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed the seal of the Board of Supervisors of the County of Los Angeles  
this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

By \_\_\_\_\_  
Chair, Board of Supervisors

By \_\_\_\_\_ Deputy

RAYMOND G. FORTNER, JR.

By Jennifer L. [Signature]  
Deputy



**Los Angeles County Chief Administrative Office**  
**Grant Management Statement for Grants Exceeding \$100,000**

**Department: District Attorney**

**Grant Project Title and Description**

**Auto Insurance Fraud Program**

The objective of this program is to enhance prosecutorial efforts and criminal investigations of major auto insurance fraud rings, syndicates, gangs, and organizations in Los Angeles County. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (SCDI) to identify, investigate and prosecute organized automobile insurance fraud rings (staged accidents, cappers, etc.). Perpetrators also include unscrupulous doctors, chiropractors, lawyers and others who profit from fraudulent automobile insurance claims.

**Funding Agency**

California Department of Insurance

**Program (Fed. Grant # /State Bill or Code #)**

California Insurance Code Section 1872.8

**Grant Acceptance Deadline**

**Total Amount of Grant Funding:** \$3,441,416

**County Match:** \$0

**Grant Period:** FY2006-2007 **Begin Date:** July 1, 2006

**End Date:** June 30, 2007

**Number of Personnel Hired Under This Grant:** 28

**Full Time:** 26 **Part Time:** 2

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

b). Identify other revenue sources Yes ☐ No ☒  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**Impact of additional personnel on existing space:** None

**Other requirements not mentioned above:** None

**Department Head Signature** \_\_\_\_\_

*S.L. Co*

**Date** \_\_\_\_\_

*4/3/07*